

Message Text

PAGE 01 KUWAIT 00385 260740Z

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AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: BEXP, KU

SUBJECT: DESALINATION FACT-FINDING MISSION

REF: (A) STATE 15747 (B) JIDDA 6280 (C) KUWAIT 4971 (D) KUWAIT 4115

1. KUWAIT HAS SIMILAR PROCEDURES IN TENDERING PUBLIC WORKS PROJECTS AS THOSE IN SAUDI ARABIA OUTLINED IN REFS A AND B. MOREOVER, AS PREVIOUSLY INDICATED OUR REFTELS, KUWAIT HAS IN-HOUSE CAPABILITIES TO DESIGN, OPERATE, AND MAINTAIN MULTI-STAGE FLASH TYPE UNITS AND IS LOATHE TO SWITCH OTHER SYSTEMS.

2. WE UNDERSTAND RELUCTANCE U.S. FIRMS TO PUT TOGETHER EXPENSIVE TENDER PROPOSAL WHEN THEY BELIEVE TRANSPORTATION COPUSH THEIR PRICES ABOVE THOSE OF EUROPEAN AND JAPANESE COMPETITION.

KUWAITIS UNLIKELY TO CHANGE THEIR TENDERING PROCEDURES RADICALLY, ALTHOUGH THEY CERTAINLY NO LONGER AUTOMATICALLY AWARD THE TENDER TO THE LOW BIDDER, ESPECIALLY IF IT APPEARS THERE SIGNIFICANT DIFFERENCES

IN QUALITY AMONG VARIOUS PROPOSALS. WE BELIVE THERE TWO POSSIBLE APPROACHES WHICH HAVE PROMISE OVERCOMING PROBLEM. FIRST, BELIEVE

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PAGE 02 KUWAIT 00385 260740Z

GROUP FROM COMPANIES OUTLINE IN REF A SHOULD COME TO MIDEAST, AND HOPEFULLY KUWAIT, IN ORDER EXPLAIN LATEST TECHNOLOGY IN THE FIELD WITH VIEW TOWARDS GENTLY COAXING KUWAITIS TO RECONSIDER WORTH OF MSF UNITS AGAINST NEWER TECHNOLOGY. SECONDLY, U.S. COMPANIES SHOULD BE

ENCOURAGED TO INVESTIGATE POSSIBILITY ESTABLISHING JOINT-VENTURE
FABRICATION PLANT SOME WHERE IN REGION TO PRODUCE BULKY COMPONENTS
FOR MSF UNITS, THEREBY FOREGOING HIGH COSTS IN SHIPPING THESE ITEMS.

3. AS KUWAIT LIKELY TENDER 4-5 MILLION GPD DESAL UNITS SOMETIME
AFTER APRIL 1 THIS YEAR, BELIEVE IT IMPORTANT THAT GROUP VISIT
KUWAIT EARLY TO INVESTIGATE IF THERE ANY WAY IN WHICH THEY
CAN BID ON THIS PROJECT WITH REASONABLE CHANCE OF SUCCESS. MOREOVER,
KUWAIT IS LIKELY TO HAVE CONTINUING NEED FOR ADDITIONAL DESAL PLANTS
TO MEET REQUIREMENTS FOR LARGE SCALE PETROCHEMICAL AND OTHER
INDUSTRIES BEING PLANNED HERE WHICH, ALTHOUGH NOT ON A SCALE TO
MATCH SAUDI'S PROGRAMS, ADD SUFFICIENT INCREMENTS TO ENHANCE THE
ATTRACTIVENESS TO U.S. FIRMS OF FOLLOWING THE APPROACHES OUTLINED
IN REF A.
STOLTZFUS

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